

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

PETITION

COMES NOW the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil and gas leaseholds covering all of the land known as the **MIDDLEFORK 1-6H DRILLING UNIT**, described as follow (hereinafter referred to as "Affected Area"):

- *The Southeast Quarter and the South 27% of the Northeast Quarter of Section 6, Township 6 North, Range 8 West, Sullivan County, Indiana, which is an elongated correction Section. Said South Half of the East Half contains 225.70 acres, acres, more or less.*

Attached hereto and incorporated herein are Exhibit A, being a list of said leasehold interests, and Exhibit B, being a depiction of the well configuration and a map of the Affected Area.

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
 - a) To eliminate spacing restrictions applicable to the horizontal wells, except that the location where the well bore enters the New Albany Shale and all portions of the lateral located within said formation shall be drilled more than three hundred and thirty (330) feet from any unconsolidated property boundary;
 - b) To establish a drilling unit containing 225.70 acres, more or less, for horizontal drilling in the New Albany Shale formation in the Affected Area.
3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economic recovery of natural gas:

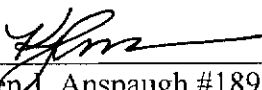
- a) Application of the Non-Rule Policy, published in Department of Natural Resources Information Bulletin #58, would establish a drilling unit comprised of the West Half of the South Half of the East Half of Section 6, Township 6 North, Range 8 West, containing 112.85 acres, more or less;
 - b) Pursuant to application of the Non-Rule Policy, placing an additional well on the East Half of the South Half of the East Half of Section 6, Township 6 North, Range 8 West would be impractical and uneconomical. Accordingly, the correlative rights of the landowners in said areas would not be protected and they would receive no production revenue;
 - c) During drilling and initial testing in and near the Affected Area, commercial quantities of natural gas were encountered within the New Albany Shale;
 - d) Permeability within the New Albany Shale is low and the use of horizontal wells is expected to more economically keep pace with volume requirements at the Affected Area natural gas processing facilities;
 - e) Drilling horizontal wells will enhance gas recovery within the New Albany Shale by cutting across existing fracture patterns within the formation which are often more vertical than horizontal in nature, thereby facilitating the flow of gas from the shale, to the fractures, to the well bores;
 - f) Drilling horizontal wells in the manner described herein can effectively and economically recover the natural gas resources within a 225.70 acre drilling unit;
 - g) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the New Albany Shale formation of the Affected Area. The variances will enhance recovery of the natural gas from the low permeability of the New Albany Shale formation.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
5. Petitioner has not attached structure maps hereto, as structure has little impact upon the production of natural gas from the New Albany Shale. The quantity of natural gas recovered will depend instead upon the existing fracture patterns within the formation.
6. Petitioner represents that to the best of its knowledge and belief it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.

Therefore, Petitioner prays that, through an informal hearing, the above described exceptions to 312 IAC 16-5-1 and 312 IAC 16-5-2 be authorized and established, according to any further terms and conditions as the Commission may impose in its Order establishing such unit and spacing.

Respectfully submitted,

NOBLE ENERGY, INC.

By:


Karen J. Anspaugh #18975-49
49 Boone Village, Suite 168
Zionsville, Indiana 46077
ATTORNEY FOR PETITIONER

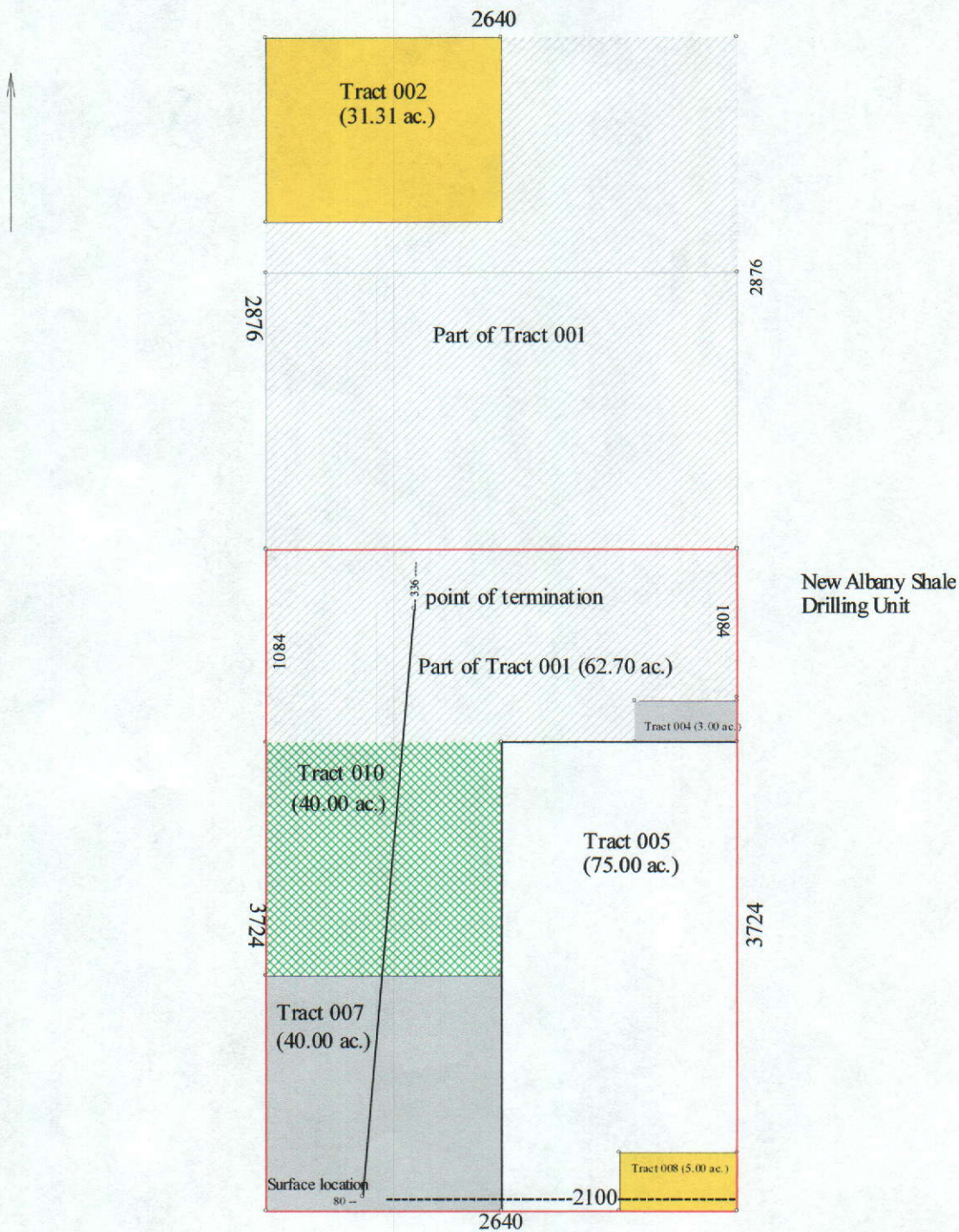
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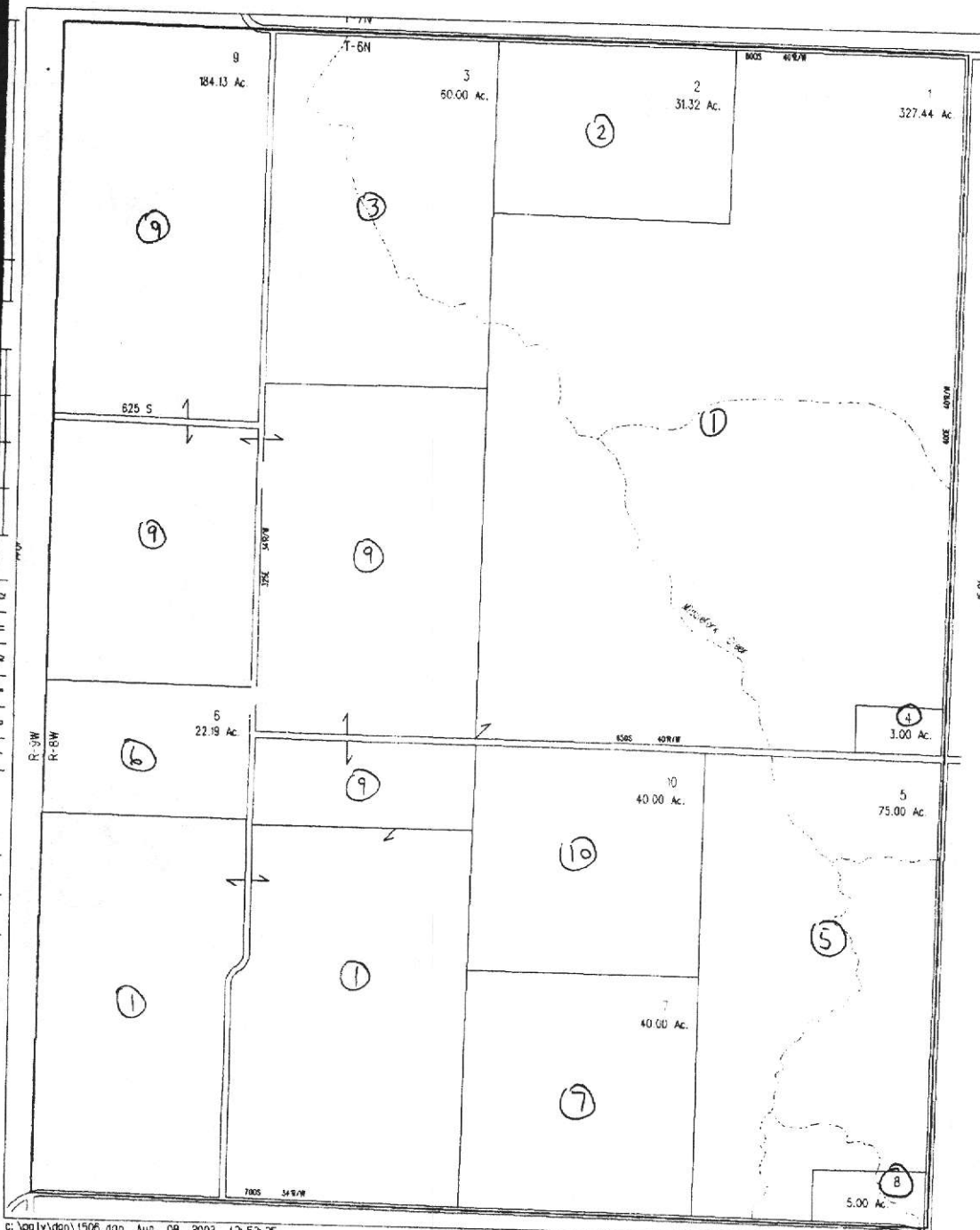
Noble Energy, Inc.
Attn: Jim Curry
100 Glenborough, Suite 100
Houston, Texas 77067

EXHIBIT "A"
SCHEDULE OF LEASEHOLD INTERESTS
Middlefork 1-6 Drilling Unit: Section 6, Township 6 North, Range 8 West
Sullivan County, Indiana

Tract	Acres	Interest	Last Name	First Name	Address	City	State	Zip Code
001	62.7000		Middlefork, Inc.		3441 East County Road 600 South	Carlisle	Indiana	47838
004	3.0000		Ringo	Nancy	6572 South County Road 400 East	Carlisle	Indiana	47838
			Kinnaman	Christie	6572 South County Road 400 East	Carlisle	Indiana	47838
005	75.00		Middlefork, Inc.		3441 East County Road 600 South	Carlisle	Indiana	47838
007	40.00		Middlefork, Inc.		3441 East County Road 600 South	Carlisle	Indiana	47838
008	5.00		Middlefork, Inc.		3441 East County Road 600 South	Carlisle	Indiana	47838
010	40.00		Middlefork, Inc.		3441 East County Road 600 South	Carlisle	Indiana	47838
	225.7000		TOTAL ACRES IN DRILLING UNIT					

Exhibit "B"
East Half, Section 6, Township 6 North, Range 8 West





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TOWNSHIP LOCATOR
 01 02 03 04 05 06 07 08 09 10 11 12
 13 14 15 16 17 18 19 20 21 22 23 24

MAP SHEET INDEX
 1 2 3 4 5 6 7 8 9 10 11 12

QUARTER QUARTER INDEX
 222 221 220 219 218

SUBDIVISION NAME
 SLECO INC.

TOWNSHIP MAP
 48
 COUNTY, INDIANA